

JOHN A. MARISCOTTI
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

NATIONAL RAILWAY UTILIZATION CORP.

1100 Centre Square East / 1500 Market Street / Philadelphia, Pennsylvania 19102 / (215) 569-2220

RECORDATION NO. 9878-C Filed 1425

DEC 27 1978 - 9 22 AM

December 26, 1978

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 9878-B Filed 1425

8-361A018

Interstate Commerce Commission
Washington, D.C. 20423

DEC 27 1978 - 9 22 AM

INTERSTATE COMMERCE COMMISSION

Attention: Secretary

Dear Sir:

It is hereby respectfully requested that the following documents be recorded pursuant to the provisions of the Interstate Commerce Act (Title 49 U.S.C. § 11303):

1. Security Agreement, dated as of December 15, 1978:

Debtor - Girard Leasing Corporation
N.W. Cor. Bala and City Line Avenues
Bala Cynwyd, PA. 19004

Secured Party - The Ohio National Life Insurance Company
(Lender) 237 William Howard Taft Road
Cincinnati, Ohio 45219

2. Assignment of Lease, dated as of December 15, 1978 (the Lease so assigned being between Girard Leasing Corporation, as Lessor (with address as above), and Pickens Railroad Company and National Railway Utilization Corporation, as Co-Lessees (with addresses as stated below), and having heretofore been filed and recorded with the Interstate Commerce Commission with Recordation Number 9878, on November 30, 1978 at 4:10 p.m., and a First Amendment thereto, dated December 8, 1978, having heretofore been filed and recorded with the Interstate Commerce Commission, with Recordation Number 9878-A, on December 12, 1978, at 11:30 a.m.):

Assignor - Girard Leasing Corporation (address as stated above)

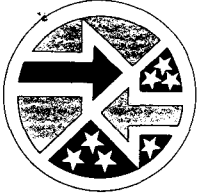
Assignee - The Ohio National Life Insurance Company (address as stated above)

Co-Lessees - Pickens Railroad Company -and- National Railway Utilization Corporation
P.O. Box 216
402 Cedar Rock Drive
Pickens, S.C. 29678
1100 Centre Square East
1500 Market Street
Philadelphia, PA. 19102

DEC 27 9 23 AM '78

RECEIVED

Charles E. McAllister

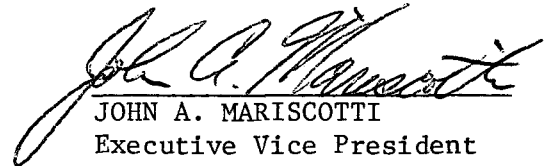


Interstate Commerce Commission
December 26, 1978
page -two-

General Description of the Equipment:

45 Boxcars, Type XM (50' - 6", 70-ton), bearing National Railway Utilization Corporation Road Numbers NSL 150368 to NSL 150412 (both inclusive).

Sincerely yours,


JOHN A. MARISCOTTI
Executive Vice President

JAM/dac

Interstate Commerce Commission

Washington, D.C. 20423

12/7/78

OFFICE OF THE SECRETARY

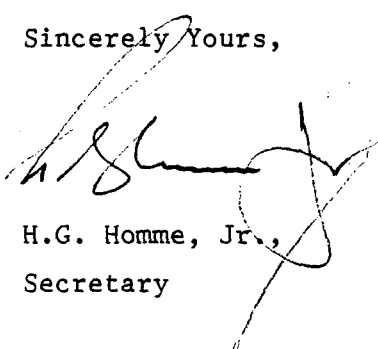
John A. Mariscotti
Executive Vice Pres.
Natl. RYW. Utilization Corp.
1100 Centre Square East
1500 Market Street
Phila. Pa. 19102

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on at
and assigned recordation number(s) 12/27/78 9:30am
9878-B & 9878-C

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

DEC 27 1978 -9 32 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT made as of December 15, 1978 between GIRARD LEASING CORPORATION, a Pennsylvania corporation with its principal place of business at 3 Girard Plaza, Philadelphia, Pennsylvania 19101 (the "Debtor") and THE OHIO NATIONAL LIFE INSURANCE COMPANY with an office at 237 William Howard Taft Road, Cincinnati, Ohio 45219 (the "Lender").

To secure the payment of the Debtor's promissory note (the "Note") of even date herewith payable to the order of the Lender in the principal amount of \$1,433,006.56 (said Note having been issued pursuant to the terms of a participation agreement among the Debtor, the Lender and the lessees hereinafter named, dated the date hereof and annexed hereto as Exhibit A), and to further secure Debtor's obligations hereunder and the obligations of the Lessee under the Lease referred to in paragraph 1 below, Debtor hereby assigns, transfers, mortgages and pledges to Lender, and grants to Lender a security interest in the following and in all proceeds thereof ("Collateral"):

1. all of the Debtor's right, title and interest in the equipment lease dated November 30, 1978, as amended under date of December 8, 1978 (the "Lease") in which NATIONAL RAILWAY UTILIZATION CORPORATION and PICKENS RAILROAD COMPANY are lessees ("Lessee") and Debtor is lessor and all rentals and other moneys payable thereunder or receivable by the Debtor under or in connection therewith, including all proceeds of insurance, condemnation and requisition proceedings, and sales or other dispositions of the property subject thereto, and all the Debtor's rights, powers and remedies herein and thereunder (but none of its duties or obligations thereunder, if any), including all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the property subject to the Lease, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Lease; and

2. subject to the interest therein and rights of the Lessee under the Lease, all the equipment which may at any time be leased to the Lessee pursuant to the Lease (the "Equipment") and all the Debtor's right, title and interest in the Equipment and in all parts, fittings, accessories, accessions, substitutions and replacements therefor or thereof.

In furtherance of the foregoing, Debtor has executed an assignment ("Assignment") dated the date hereof and annexed hereto as Exhibit B, and the Debtor hereby irrevocably constitutes and appoints Lender as its attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Lease or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Lease, the Equipment or other Collateral, to file any claims or institute any proceeding for the foregoing which Lender deems necessary, and to compromise any such demand, claim or action.

So long as any amount remains owing on the Note, without Lender's prior written consent, the Debtor will not itself grant any consent under the Lease, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder, or agree to any release of any obligation of the Lessee thereunder or to any modification or termination thereof. The Debtor hereby consents to and waives notice of the granting by Lender as assignee and secured party hereunder of indulgences to Lessee or extensions of time for payment of any obligations of Lessee under the Lease, Lender's taking or releasing of any security for the obligations of the Lessee under the Lease, Lender's acceptance of partial payments on the Lease or settlement, compromising or compounding of any obligations of any person, primarily or secondarily liable on or with respect to the Lease, all in such manner and at such time or times as Lender may reasonably deem advisable

A. REPRESENTATIONS AND WARRANTIES - Debtor represents and warrants that:

1. there have been delivered to and accepted by the Lessee pursuant to the Lease, units of Equipment having an aggregate acquisition cost (as defined in the Lease) equal to at least 122% of the principal amount of the Note. The Lease provides for the payment, on or before the installment payment dates of the Note, of rentals in amounts at least equal to the amounts of such installments of principal and interest under the Note. The original Lease has been delivered to Lender;

2. the Debtor has good and marketable title to the units of Equipment referred to in subparagraph 1 above, subject only to the interests therein of the Lessee under the Lease;

3. the Debtor has executed and delivered to Lender schedules describing in detail sufficient to identify them, the units of Equipment referred to in subparagraph 1 above;

4. no event has occurred which is an Event of Default (or with the passage of time or the giving of notice or both would be such an Event of Default) hereunder or under the Lease;

5. Debtor is a corporation validly existing under the laws of the Commonwealth of Pennsylvania; it is duly qualified and authorized to do business wherever the nature of its property or its activities requires such qualification and authorizations; it has full power, authority and legal right to borrow the amount evidenced by the Note, to execute and deliver this Agreement and the Note, and to perform and observe the terms and provisions of the Agreement and the Note; this Agreement and the Note, when issued for value, will constitute valid and binding obligations of the Debtor enforceable (within legal limits imposed by Federal Bankruptcy Laws or laws relating to or affecting creditor's rights generally) in accordance with the respective terms hereof and thereof;

6. the making and performance by the Debtor of this Agreement and the borrowing and execution and delivery of the Note have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Debtor's by-laws or constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor pursuant to — any agreement, indenture or other instrument to which the Debtor is a party or by which it may now be bound;

7. there are no actions, suits, or proceedings pending or, to the knowledge of the Debtor, threatened, against or affecting the Debtor in any court or by or before any government department, agency or instrumentality in which any adverse decision might materially affect the ability of the Debtor to perform its obligations hereunder and under the Note; and

8. without Lender's prior written consent so long as the Note remains unpaid, Debtor will not grant any consent under the Lease, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder, or agree to any release of any obligation of the Lessee thereunder or to any modification or any termination thereof. Without limiting the generality of the foregoing, the Debtor agrees that it will not avail itself of the right, reserved to it under Section 23.6 of the Lease, to make payment on behalf of the Lessee (or provide funds to the Lessee for like purpose) of any amount nonpayment of which by the Lessee would occasion an Event of Default under clause (f) of Section 20 of the Lease.

B. DOCUMENTATION - The Debtor will execute and deliver to Lender such documents identifying the Equipment as Lender may from time to time reasonably request. In addition, the Debtor will execute, acknowledge, deliver, file and record all such documents, including financing statements, and take all such other action as may be necessary or as Lender may reasonably request, to perfect and continue perfected under applicable laws the security interests granted hereby as first lien security interests in the Collateral, and the Debtor hereby irrevocably constitutes and appoints Lender its attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Lender may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon Lender hereunder.

C. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor to pay any amount of principal of or interest on the Note when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for five days;
2. the failure by Debtor to pay any other amount or perform any other obligation when due hereunder, and such failure shall continue for 30 days after Lender shall have given the Debtor written notice thereof;
3. the occurrence of an Event of Default under the Lease (as defined therein);
4. the adjudication of the Debtor as bankrupt or insolvent, or the entry of an order appointing a receiver or trustee for the Debtor or any of its property or approving a petition seeking reorganization, arrangement, composition, adjustment of the debts, liquidation or dissolution under the Bankruptcy Act or any similar law of the United States or any state or other competent jurisdiction, or the filing by the Debtor of a petition or answer seeking or consenting to any of the foregoing, or the making by the Debtor of a general assignment for the benefit of creditors; or
5. the occurrence of a breach of any of the Representations and Warranties under paragraph A hereof.

D. REMEDIES - At any time after the occurrence of an Event of Default and while the same remains uncured, Lender may declare, by written notice to the Debtor, the entire unpaid balance of the principal of the Note and interest accrued thereon to be immediately due and payable, and, in addition, Lender shall have and may exercise all the rights and remedies of a secured party under the applicable Uniform Commercial Code, including the right, subject to prior rights of the Lessee under the Lease, to take possession of any Equipment or other Collateral not then in Lender's possession and to dispose of it, or the Debtor's interest therein, at public or private sale, at which Lender, subject to the provisions of applicable law, may be the purchaser.

Any notice or any such sale required by law shall be reasonably and sufficiently given if given to the Debtor at least 15 days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds shall be applied to the cost and expenses of collection and retaking as set forth in paragraph G and then shall be applied to the obligations secured by this Agreement in accordance with the provisions of paragraph F and Debtor will be entitled to any surpluses thereafter. No delay or omission on Lender's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Lender's right hereunder. No single, partial or full exercise of any rights by Lender will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

E. LIMITATION OF THE DEBTOR'S LIABILITY - Subject only to a default by the Debtor under subparagraph 5 of paragraph C and notwithstanding any other provision of this Agreement or of the Note, it is understood and agreed that all payments to be made by the Debtor under or pursuant to this Agreement and to the Note will be made only from the "income and proceeds from the Equipment" (as defined in this paragraph) and the Debtor's liability hereunder and under the Note will be limited thereto. For recovery upon default by the Debtor in the payment or performance of any of its obligations hereunder and under the Note, Lender will have resort solely to the "income and proceeds from the Equipment" and not to any other property of the Debtor. Lender will not proceed for the collection of any amount payable thereunder and under the Note, against, or execute upon, any other assets of the Debtor. Any judgment entered in any action for recovery of any amount due hereunder and under the Note against the Debtor will not be a lien against any other property of the Debtor, and Lender agrees to execute and deliver all documents and take all such other action as may be necessary to release of record from any such lien such other property of the Debtor. As used herein the term "income and proceeds from the Equipment" means

1. if an Event of Default shall have occurred hereunder and while it shall be continuing so much of the following amounts as are indefeasibly received by the Debtor under the Lease or by the Lender as Assignee pursuant to the Assignment at any time after such occurrence and during the continuance thereof; (a) all amounts of rentals and late charges in respect thereof paid pursuant to the Lease and all other amounts paid pursuant to the Lease for or with respect to any Equipment, and (b) any and all payments or proceeds so received by the Debtor under the Lease or the Lender as Assignee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition (including sales and transfer taxes, legal fees and expenses, and storage and delivery charges), and

2. at any other time, only that portion or the amounts referred to in the foregoing clauses (1)(a) and (1)(b) as are indefeasibly received by the Debtor or the Lender as Assignee and shall equal the portion of the unpaid principal balance of the Note, accrued interest thereon and all other amounts payable by the Debtor hereunder, to the extent then due thereunder or hereunder; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Debtor or the Lender as Assignee when no such Event of Default had occurred and was continuing and which exceeded the amount required to discharge the portion of the unpaid principal balance of the Note, accrued interest thereon and amounts payable by the Debtor hereunder due and payable on the date when such amounts were received by the Debtor or the Lender as Assignee or were required to be paid to it pursuant to the Lease.

Nothing herein contained shall limit, restrict, or impair Lender's right to accelerate payment of the Note upon the occurrence of an Event of Default, to bring suit and obtain a judgment against the Debtor on the Note or this Agreement for the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto (provided that the liability of the Debtor on any such judgment and the satisfaction thereof shall be limited as hereinabove provided), or to exercise (subject to the rights of Lessee under the Lease) Lender's rights and remedies hereunder with respect to the Collateral, including the Equipment and the Lease (including the right to enforce Lender's rights under the Lease and to dispose of the Equipment and the Lease and to recover from the proceeds thereof the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto).

F. PREPAYMENT OF NOTE - If any amount shall become due and payable to the Debtor or the Lender as Assignee pursuant to Section 14 of the Lease because of the loss, theft, irreparable damage or destruction of any units of Equipment, then, thereupon, a like aggregate amount will be immediately due and payable on account of the principal of and interest accrued on the Note. In the event of any partial prepayment of the principal of the Note pursuant to the first sentence of this paragraph F, the amount of each installment payment thereon thereafter coming due will be reduced by an amount which bears the same proportion to the amount of such installment which would have been due in the absence of such prepayment as the amount of such principal prepayment bears to the unpaid principal balance outstanding immediately prior to such prepayment. All amounts received or collected by Lender as a result of exercising any of the remedies afforded Lender under paragraph D hereof shall be used to pay, first, all unpaid principal and, second, accrued interest under the Note, and thereafter any surplus shall be paid to Debtor.

G. COLLECTION EXPENSES - Subject to the provisions of the preceding paragraph F hereof, in addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Lender's reasonable expenses, including attorney's fees, incurred in enforcing its rights and remedies hereunder, under the Note or under the Lease. If Lender brings suit (or files any claim or petition in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights (or other recovery or relief), Lender may recover in such action (or other proceeding), in addition to all other amounts payable hereunder and thereunder, its reasonable expenses in connection therewith, and the same shall be included in such judgment (or other form of award).

H. COLLECTION OF RENTALS - Until Lender may give Debtor and Lessee notice to the contrary, Debtor will on behalf of itself and Lender collect and receive from the Lessee all rentals and other money payable pursuant to the Lease, and the Debtor may take all such action as may be necessary or desirable to demand, enforce, collect, receive and receipt for all such payments and to otherwise enforce compliance by Lessee with all terms and provisions of the Lease. Upon the Debtor's indefeasible receipt of any such payment or other "income and proceeds from the Equipment" (as defined in paragraph E hereof) Debtor will promptly remit to Lender so much thereof as may equal any amount then due and payable under the Note, and Debtor may retain the balance. If pursuant to the rights herein granted, Lender shall indefeasibly collect or receive any "income and proceeds from the Equipment" (as so defined), then, so long as no Event of Default hereunder shall have occurred and be continuing, Lender will remit promptly to Debtor the amount so collected or received which exceeds amounts then due under the Note or hereunder.

I. NOTICES - All notices, declarations, requests, consents and other communications given hereunder or in connection herewith or with the Note shall be in writing and delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to Debtor at its address stated above and to Lender at its address stated below, or to such other address as either may hereafter specify by written notice to the other.

J. APPLICABLE LAW - This Agreement is being delivered and is intended to be performed in the Commonwealth of Pennsylvania. This Agreement and the Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Commonwealth of Pennsylvania.


K. SUCCESSORS AND ASSIGNS - This Agreement will bind and inure to the benefit of the respective successors and assigns of the parties hereto, including any holder, as such, of the Note. By acceptance of an assignment hereof or of the Note, each of the Lender's successors or assigns (including any holder, as such, of the Note) will be deemed to have agreed to be bound by the provisions hereof and of the Note and Lender's undertakings hereunder and thereunder, especially including the provisions of Section E, entitled "Limitation of the Debtor's Liability".

EXECUTED the date first above written.


Attest:

GIRARD LEASING CORPORATION

[CORPORATE SEAL]


Secretary

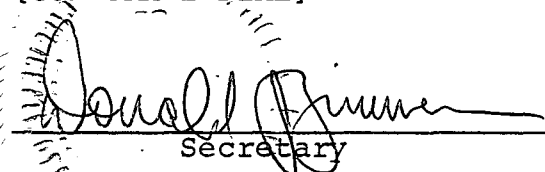
By



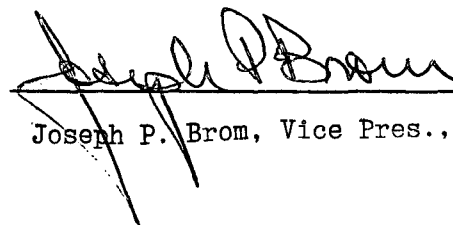
Attest:

THE OHIO NATIONAL LIFE INSURANCE COMPANY

[CORPORATE SEAL]


Secretary

By


Joseph P. Brom, Vice Pres., Securities

Address for notices, etc.:

P. O. Box 237
Cincinnati, Ohio 45201
Attn: Securities Division

COMMONWEALTH OF PENNSYLVANIA :

SS:

COUNTY OF PHILADELPHIA :

On this 26th day of December, 1978, before me personally appeared J. B. Charnon, to me personally known, who, being by me duly sworn, says that he is Pres. Treasurer of GIRARD LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Diane C. Butler
Notary Public

My Commission expires: **AUGUST 31, 1981**

STATE OF OHIO :

SS:

COUNTY OF Hamilton :

On this 21st day of December, 1978, before me personally appeared Joseph P. Brom, to me personally known, who, being by me duly sworn, says that he is Vice President of THE OHIO NATIONAL LIFE INSURANCE COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Teresa Boothby
Notary Public

My Commission expires:

Teresa Boothby

Notary Public, State of Ohio

My Commission Expires Oct. 16, 1982

PARTICIPATION AGREEMENT dated as of December 15, 1978, among NATIONAL RAILWAY UTILIZATION CORPORATION and PICKENS RAILROAD COMPANY, both South Carolina corporations (hereinafter jointly and severally called the Lessee), GIRARD LEASING CORPORATION, a Pennsylvania corporation (hereinafter called the Owner), and THE OHIO NATIONAL LIFE INSURANCE COMPANY, an Ohio corporation (hereinafter called the Investor).

WHEREAS, the Owner has purchased certain units of railroad equipment as listed in Schedule A hereof (hereinafter called the Equipment) from Whittaker Corporation (Berwick Forge & Fabricating Division) (hereinafter called the Builder);

WHEREAS, the Lessee has leased from the Owner all units of the Equipment pursuant to an Equipment Lease, dated as of November 30, 1978 (hereinafter, as amended under date of December 8, 1978, called the Lease), conformed copy of which is attached hereto as Exhibit A;

WHEREAS, the Investor will finance 82% of the Acquisition Cost (as defined in the Lease) of the Equipment by purchasing a non-recourse Promissory Note (hereinafter called the Promissory Note) of the Owner in substantially the form of Exhibit B hereto; and

WHEREAS, as security for the payment of the indebtedness represented by the Promissory Note, the Owner will grant to the Investor a security interest in the Equipment and in the rents and other sums payable under the Lease pursuant to a Security Agreement (herein called the Security Agreement) in substantially the form of Exhibit C hereto, and pursuant to an assignment of lease (hereinafter called the Lease Assignment) in substantially the form annexed to the Security Agreement;

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, the parties hereto hereby agree as follows:

1. Subject to the terms and conditions hereof, the Investor will pay to the Owner \$1,433,006.56, in funds immediately available in Philadelphia, Pennsylvania, not later than 11:00 a.m., on such date (hereinafter called the Closing Date) not later than December 28, 1978, as shall be requested by the Owner by written notice delivered to the Investor not less than two business days prior thereto. The Owner represents that said amount equals 82% of the Acquisition Cost of the Equipment, as set forth in Schedule A hereto.

Simultaneously with the payment to the Owner of said amount, the Owner will execute and deliver to the Investor (or, upon the written request of the Investor, to its nominee) the Owner's Promissory Note in like principal amount, dated the date of such payment, together with the Security Agreement, the Lease Assignment and the Lessee's consent and agreement (hereinafter called the Consent) to the Lease Assignment.

The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Philadelphia, Pennsylvania, are authorized or obligated to remain closed. All interest under this Agreement, the Security Agreement or the Promissory Note shall be calculated on the basis of a 360-day year of twelve 30-days months.

As soon as practicable after the delivery of the Promissory Note, the Owner will deliver to the Investor a schedule of payments reflecting the dates and amounts of principal and interest payments to be made in respect of the Promissory Note. The Investor, simultaneously with the final payment to it of all amounts payable in respect of the Promissory Note, will surrender the same to the Owner.

The forms of the Exhibits annexed to this Agreement are hereby approved by the Investor. The Owner and/or the Lessee will not enter into or consent to any modification or supplement to such forms without the prior written approval of the Investor.

2. The Owner and the Lessee severally, and not jointly, each represents and warrants that it has not directly or indirectly offered or sold any of the indebtedness to be represented by the Promissory Note or other securities to, solicited offers to buy any of such indebtedness or other securities from, or otherwise approached or negotiated in respect of the purchase or sale or other disposition of any of such indebtedness or other securities with any person so as to require registration of the Promissory Note or any such other securities under the provisions of Section 5 of the Securities Act of 1933, as amended.

3. The Investor represents that it is acquiring the Promissory Note for its own account, or for the account of one or more pension or trust funds or other institutional accounts, for investment and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distributing or selling the same, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control. The Investor, if acquiring the Promissory Note for the account of one or more pension or trust funds or other institutional accounts, represents that (except to the extent that it has otherwise advised its special counsel, Messrs. Morgan, Lewis & Bockius, in writing) it has sole investment discretion in respect of each such account for which it is acting.

The Investor understands that the Promissory Note has not been registered under the Securities Act of 1933 because the transaction is exempt from the registration requirements of such Act, and that the Promissory Note must be held indefinitely unless a subsequent disposition thereof is registered under said Act or is exempt from registration.

4. The obligation of the Investor to make payment as herein provided shall be subject to the receipt by the Investor on the Closing Date of the following documents:

(a) An opinion of Messrs. Morgan, Lewis & Bockius, special counsel for the Investor, dated the Closing Date and addressed to the Investor, to the effect that:

(i) this Agreement, assuming due authorization, execution and delivery thereof by the Investor, has been duly authorized, executed and delivered and constitutes a legal and valid instrument, binding on the parties thereto and enforceable in accordance with its terms;

(ii) the Security Agreement and the Lease have each been duly authorized, executed and delivered and each is a legal and valid instrument, binding on the parties thereto and enforceable in accordance with its terms;

(iii) the Lease Assignment and the Consent have each been duly authorized, executed and delivered and each is a legal and valid instrument, binding on the parties thereto and enforceable in accordance with its terms;

(iv) the Investor is vested with a valid security interest in the Equipment pursuant to and in accordance with the Security Agreement;

(v) the Security Agreement, the Lease and the Lease Assignment have each been duly filed and recorded with the Interstate Commerce Commission in accordance with the requirements of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Investor therein, or in the Equipment, in the United States of America, any State thereof or the District of Columbia;

(vi) the Promissory Note, upon due execution and delivery thereof by the Owner and receipt from the Investor of funds in the same amount as the principal thereof, will constitute a legal, valid and binding obligation of the Owner, enforceable in accordance with its terms;

(vii) no authorization or approval from any governmental or public body or authority of the United States of America, or of any of the States thereof or the District of Columbia is, to the knowledge of said counsel, necessary for the execution, delivery and performance of this Agreement, the Security Agreement, the Lease, the Lease Assignment or the Consent;

(viii) under the circumstances contemplated by this Agreement it is not necessary to register the Promissory Note or the Security Agreement under the Securities Act of 1933, as in effect on the date of such opinion, or to qualify the Security Agreement or any other instrument or agreement contemplated hereby or thereby under the Trust Indenture Act of 1939, as in effect on the date of such opinion; and

(ix) the legal opinions referred to in subparagraphs (b), (c) and (d) of this Paragraph 4 are satisfactory in form and scope to said special counsel and that in their opinion the Investor is justified in relying thereon;

and as to such other matters incident to the transactions contemplated by this Agreement as the Investor may reasonably request.

(b) An opinion of Messrs. Dechert, Price & Rhoads, counsel for the Owner, dated the Closing Date and addressed to the Investor, to the effect set forth in clauses (i), (ii), (iii) and (vi) of subparagraph (a) of this Paragraph 4, insofar as such matters relate to the Owner, and to the further effect that:

(i) the Owner is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(ii) no mortgage or deed of trust to which the Owner is a party, or other lien, now in existence and which presently affects, or which may hereafter affect, any property of the Owner, now attaches, or hereafter will attach, to the Equipment, or in any manner affects or will affect adversely the right, title and interest of the Investor therein; and

(iii) no authorization or approval from any governmental or public body or authority of the United States of America other than filing and recordation with the Interstate Commerce Commission, or of any of the States thereof or the District of Columbia is, to the knowledge of said counsel, necessary for the execution, delivery and performance by the Owner of this Agreement, the Security Agreement, the Lease, or the Lease Assignment.

(c) An opinion of Messrs. Wyche, Burgess, Freeman & Parham, counsel for the Lessee, dated the Closing Date and addressed to the Investor, to the effect set forth in clauses (i), (ii), (iii) and (v) of subparagraph (a) of this Paragraph 4, insofar as such matters relate to the Lessee, and to the further effect that:

(i) the Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the State of South Carolina and is duly qualified to do business and in good standing in such other jurisdictions in which the business and activities of the Lessee require such qualification; or if not so qualified, its failure so to qualify in any other jurisdiction will not have a materially adverse impact on this Agreement, the Lease or the Consent;

(ii) the Lessee has full corporate power, authority and legal right to carry on its principal business as now conducted and to perform its obligations under this Agreement, the Lease and the Consent;

(iii) neither the execution and delivery of this Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of the articles of incorporation (as amended) or the by-laws (as amended) of the Lessee, or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder;

(iv) neither the execution and delivery by the Lessee of this Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality;

(v) no mortgage, deed of trust or other lien of any nature whatsoever, now in existence and which now covers or affects any property or interest therein of the Lessee, now attaches, or hereafter will attach, to the Equipment, or in any manner affects or will affect adversely the right, title and interest of the Owner or the Investor therein;

(vi) to the knowledge of counsel there are no actions, suits or proceedings pending or threatened against or affecting the Lessee, or any of its property rights, at law or in equity, or before any commission or other administrative agency, which could materially and adversely affect the condition, financial or otherwise of the Lessee, or its ability to perform its obligations under this Agreement, the Lease or the Consent, and the Lessee is not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality of which such counsel has knowledge;

(vii) the Lease has been respectively filed and recorded with the Interstate Commerce Commission in accordance with the requirements of the Interstate Commerce Act, and deposited with the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada and provision has been made for publication of notice of such deposit in The Canada Gazette in accordance with said Section 86, and no other filing, recordation, deposit or registration in the United States or Canada is necessary in order to protect the interest and rights of the Owner in and to the Lease, or in the Equipment, in the United States of America, any State thereof, Canada, or any Province thereof.

(viii) no authorization or approval from any governmental or public body or authority of the United States of America, or of any of the States thereof or the District of Columbia is, to the knowledge of said counsel, necessary for the execution, delivery and performance of this Agreement, the Lease, the Lease Assignment or the Consent; and

(ix) the Equipment will be used in interstate commerce and ownership thereof does not subject the Owner either to the provisions of the Interstate Commerce Act or the authority of the Interstate Commerce Commission.

(d) A certificate of an officer of the Lessee, dated the Closing Date and reciting that it is intended for the purpose of the Investor relying thereon, to the effect (i) that the Lessee is not in default under, and to the knowledge of the Lessee there is no event which with the passage of time would place the Lessee in default under, this Agreement, the Lease or the Consent, (ii) that the representations and warranties of the Lessee contained in Section 8 of, and elsewhere in the Lease are true and correct as of the date of such certificate with the same effect as if made on such date, and (iii) that each unit of the Equipment has been permanently and conspicuously marked on each side, in letters not less than one-half inch in height, with the words "Ownership subject to a Security Agreement filed with the Interstate Commerce Commission", or with words of similar import.

(e) The original Lease (including the Rental Schedule thereto); i.e., the counterpart thereof which bears the legend "Original" conspicuously marked thereon.

In giving the opinions specified in subparagraphs (a), (b), (c) and (d) of this Paragraph 4, counsel may qualify its opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in subparagraph (a) of this Paragraph 4, counsel may rely (i) as to title to the Equipment on November 30, 1978 (i.e., the date of Builder's Bill of Sale), on the Builder's warranty of title as set forth in said Bill of Sale, (ii) as to the filing (and the effectiveness thereof) of the Lease with the Interstate Commerce Commission, on the opinion of counsel for the Lessee, and (iii) as to any matter governed by the law of any jurisdiction other than the Commonwealth of Pennsylvania, or the United States, on the opinion of counsel for the Lessee as to such matter. In giving the opinion specified in subparagraph (c) of this Paragraph 4, counsel may rely, as to the filing (and the effectiveness thereof) of the Lease with the Registrar General of Canada, on the opinion of Messrs. Tilley, Carson & Findlay of Toronto, Canada.

5. The Lessee shall from time to time remit all rentals, and other money payable pursuant to the Lease, to whomsoever the Investor shall direct; however, until the Investor shall give the Owner and the Lessee written notice to the contrary, the Lessee shall remit such sums to the Owner, and the Owner shall accept such payments for the account of itself and the Investor and shall apply such payments promptly first, to the payment of installments of principal and interest then due and payable to the Investor under the Promissory Note in accordance with its terms, and, second, the balance, if any, shall be retained by the Owner for its own account.

The Owner will accept all sums paid to it pursuant to Section 14 of the Lease with respect to Casualty Occurrences (as therein defined) and immediately upon receipt thereof, will apply such sums as follows: (i) such part thereof as shall constitute the Stipulated Loss Value of the items of Equipment which shall have suffered such Casualty Occurrence shall be applied to the pro rata prepayment, without premium, of each of the installments remaining unpaid of the aggregate principal indebtedness evidenced by the Promissory Note (in proportion to the principal amount of such aggregate principal indebtedness represented by each such installment), and (ii) the balance thereof, to the extent required, shall be applied to the payment of interest, on the principal amount so prepaid, from the date of the last payment of interest due under the Promissory Note to the date of such prepayment (any amount thereafter remaining to be applied, in the manner aforesaid, in further reduction of the principal indebtedness). The

Owner will furnish to the Investor a revised schedule of payments showing the reduction in the installments of principal and interest thereafter remaining payable under the Promissory Note.

Notwithstanding anything to the contrary contained herein, if an Event of Default (as defined in the Security Agreement) shall occur, of which the Lessee has knowledge, then the Lessee without more (i.e., without awaiting receipt of notice from the Investor, or otherwise) shall thereafter pay directly to the Investor all rentals, and other money, thereafter due and payable under the Lease.

All payments to be made hereunder to the Investor by the Owner shall (subject to timely receipt by the Owner of available funds) be made by check mailed to the Investor on the date such payment is due or, upon written request of the Investor, by bank wire of immediately available funds to the Investor at its address as herein set forth.

Except as provided above in the event of the happening of a Casualty Occurrence, the Promissory Note shall not be pre-payable in whole or in part.

6. The Lessee will deliver to the Investor, without further request on the Investor's part, all of the reports and other information described in Section 16 of the Lease, such delivery to occur at the times prescribed therefor by said Section.

7. All insurance policies required under Section 17 of the Lease shall be endorsed so as to be payable to the Investor as its interest may appear, and shall be cancelable only upon written notice to the Investor as provided in said Section.

8. The Lessee will make all necessary arrangements for, and pay all expenses incidental to, the deposit of the Lease with the Registrar General of Canada pursuant to the Railway Act of Canada, and the filing and recordation of the Security Agreement and the Lease Assignment with the Interstate Commerce Commission. The Lessee agrees to pay the reasonable fees and disbursements of Messrs. Morgan, Lewis & Bockius as special counsel for the Investor.

9. In the event that either the Owner or the Lessee shall have knowledge of an Event of Default under the Lease or under the Security Agreement, such party shall give prompt telephonic notice (confirmed in writing) thereof to the Investor.

10. This Agreement having been executed in the Commonwealth of Pennsylvania by at least one of the parties hereto, and having been delivered in said Commonwealth, all of the terms hereof, and all rights and obligations of the parties hereto hereunder shall be governed by the laws of said Commonwealth. Such terms, rights and obligations may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

11. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, all as of the date first above written.

NATIONAL RAILWAY UTILIZATION CORPORATION

By Charles P. Turnbull
Vice President

PICKENS RAILROAD COMPANY

By Charles P. Turnbull
Vice President

GIRARD LEASING CORPORATION

By D. A. Winkler
Vice President

THE OHIO NATIONAL LIFE INSURANCE COMPANY

By Joseph P. Brom TB
Vice President-Securities
Joseph P. Brom, Vice Pres., Securities

SCHEDULE A

Equipment

Quantity and Type: Forty-Five 50'-6" 70-ton general purpose
box cars, Type XM

Lessee's Identifying Numbers: NSL 150368-412 (inclusive)

Aggregate Acquisition Cost

Manufacturers's Invoiced Price	\$1,680,165.
Inspection and Certification Fee	<u>67,500.</u>
Total	\$1,747,665.

SCHEDULE B

Investor:

The Ohio National Life Insurance Company

Maximum Investment: \$1,433,006.56

Mailing Address:

P. O. Box 237
Cincinnati, Ohio 45201
Attn: Securities Division

Address for manual delivery of documents:

237 William Howard Taft Road
Cincinnati, Ohio 45219
Attn: Securities Division

Address for delivery of funds:

Wire transfer in immediately
available funds (with sufficient
information to identify source
and application of funds) to:

The First National Bank of Cincinnati
Cincinnati, Ohio
Acc't No. 910-275-7
Attn: Wm. R. Trimpe

ASSIGNMENT OF LEASE

GIRARD LEASING CORPORATION ("Assignor"), a Pennsylvania corporation, hereby assigns and transfers to THE OHIO NATIONAL LIFE INSURANCE COMPANY ("Assignee") all of Assignor's right, title and interest in and to the lease made as of November 30, 1978 (Lease No. M-050) (as amended December 8, 1978) and all rental schedules and supplements thereto ("Lease") of which National Railway Utilization Corporation and Pickens Railroad Company with address respectively at 1100 Centre Square East, 1500 Market Street, Philadelphia, Pa. 19101 and at 402 Cedar Rock Street, Pickens, S. C. 29671, are lessees and Assignor is lessor, together with all rentals and other moneys coming due thereunder and all proceeds of insurance, condemnation and requisition proceedings and sale or other dispositions of any of the property subject thereto payable to or receivable by the Assignor under or in connection therewith, and all rights, powers and remedies (but none of the duties or obligations, if any) of Assignor under the Lease, including, exclusively on the part of the Assignee, all rights of the Assignor to give and receive any notice, consent, waiver, demand or approval under or in respect of the Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of any property subject thereto, to execute and deliver any bill of sale for any such property, and to do all other things which Assignor is entitled to do under the Lease.

Assignor authorizes Assignee to do every act and thing in the name of the Assignor, Assignee or otherwise which Assignee may deem advisable to enforce the terms of the Lease, and the Assignor hereby irrevocably appoints Assignee the true and lawful attorney for the Assignor with full power of substitution and revocation, together with full power and authority in the name of the Assignor, Assignee or otherwise, to demand, enforce, collect, receive, receipt and give releases for any moneys due or to become due under or arising out of the lease or any policy of insurance or indemnity relating to the property subject thereto or the Lease (including any returns of premium), to endorse all checks and other instruments payable to Assignor, and to do and take all such other actions as are referred to in the preceding paragraph relating to the Lease or such property, to file any claims or institute any proceedings for the foregoing which Assignee deems necessary, and to compromise any such demand, claim or action.

This Assignment is made pursuant to and for the purposes of a certain Security Agreement of even date herewith given by Assignor to Assignee to secure the payment of Assignor's Notes and other obligations as provided therein.

Executed as of December 15, 1978

GIRARD LEASING CORPORATION

By R. A. Wingler
Vice President

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF PHILADELPHIA : SS:

On this 26th day of December, 1978, before me personally appeared D. A. Wroble, to me personally known, who, being by me duly sworn, says that he is Vice President of GIRARD LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Diane C. Butler
Notary Public

My Commission expires: AUGUST 31, 1981

CONSENT AND AGREEMENT

The undersigned, NATIONAL RAILWAY UTILIZATION CORPORATION, a South Carolina corporation, and PICKENS RAILROAD COMPANY, a South Carolina corporation, the lessees (hereinafter collectively called the Lessee) named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) Lessee will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Equipment leased thereunder, directly to whomsoever the Assignee may from time to time direct; however, until the Assignee shall give the Lessee written notice to the contrary, Lessee acknowledges and understands that Payments shall continue to be made to the Lessor as provided in the Lease;

(2) the Assignee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Assignee were named therein as the Lessor;

(3) the Assignee shall not, by virtue of the Assignment, be or become subject to any liability or obligation under the Lease or otherwise; and

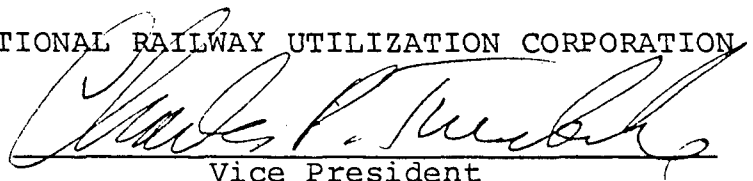
(4) the Lease shall not, without the prior written consent of the Assignee, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment, or of any of the rights created by either thereof.

This Consent and Agreement shall be deemed to be a contract made and effected under the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

Dated: December 15, 1978.

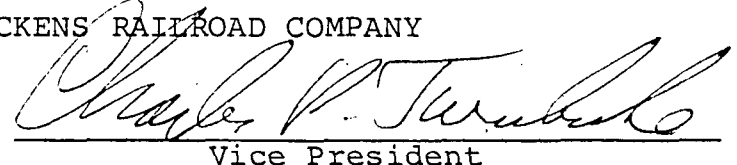
NATIONAL RAILWAY UTILIZATION CORPORATION

By


Vice President

PICKENS RAILROAD COMPANY

By


Vice President